

Statement by James McDonald  
Director of Logistics  
Central Intelligence Agency  
Before the  
Subcommittee on Federal Spending Practices and Open Government  
of the  
Governmental Affairs Committee  
United States Senate  
Ninety-Sixth Congress  
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Mr. Chairman:

Notwithstanding the many instances of truly outstanding and professional support provided to the Agency by the Federal Supply Service (FSS) of the General Services Administration (GSA), in the past there have been two areas of contention between GSA and this Agency regarding the products and services provided. The first concerns the acquisition of security filing cabinets (safes) for use by the Agency both domestically and abroad. GSA has contended that safes provided by the Hillside (now Art Metal) Company comply with Federal Specification AA-F-358e and precedent and subsequent versions thereof while this Agency and several other agencies maintained that such safes rarely conform to the requirements of this specification. The second area of contention with GSA concerns the use of single-award contracts. GSA has maintained, since the mid-1960's, that a single-award contract should be established for such safes, while this Agency, the Interagency Advisory Committee on Security Equipment, and several other agencies have maintained that it is not in the best interest of the Federal Government to make a single-award contract. Our experience with GSA in these areas is summarized in this statement. Correspondence between this Agency and GSA, test reports, minutes of interagency meetings, and other documentation supporting the statements contained herein have been made available to the Subcommittee.

Regarding the conformance of Art Metal's safes with Federal Specification AA-F-358e, our concern has been for both the safety of individuals using this equipment and the capability of this equipment to provide secure storage for classified documents. Agency records indicate that as early as 1964 a number of Art Metal safes were provided by GSA and were rejected for failing to meet certain specifications. Then, in September of 1969, an additional 130 Art Metal Class VI safes were provided by GSA. Independent examinations of these safes by Agency inspectors, inspectors of GSA, and Department of Defense (DoD) inspectors, all clearly showed that the safes failed to meet personal safety and certain security specifications. Documentation from this period indicates that despite repeated requests from Agency to GSA personnel that deficiencies in these safes be corrected, only one effort was made by the manufacturer to do so, and this effort failed to correct many of the deficiencies. Moreover, notwithstanding the fact that the deficiencies were not corrected, GSA inspectors continued to insist that the safes should be accepted by the Agency. Ultimately, out of frustration at ever having the deficiencies corrected, we did accept the safes. In November of that same year, another 60 Art Metal Class V safes were received by the Agency, and our experience with the correction of defects and GSA insistence that we accept the safes was basically a repeat of that described above. As a result of these experiences, the Agency took steps to ensure that the safes of other manufacturers were produced for use by the Agency. This act in itself generated additional

correspondence from GSA questioning our resistance to the procurement of Art Metal safes; and, in response thereto, in 1975 the Agency ordered several additional Art Metal safes for evaluation. These safes, too, failed to meet certain Federal specifications; and, since that date, no further Art Metal safes have been accepted for use by this Agency. Those safes which were accepted by the Agency in earlier years were restricted to use to domestic installations only, where the environment is more favorable than that normally provided outside the United States.

The second area of disagreement with GSA concerned GSA's proposed designation of a single-award contractor for all safes. GSA made strenuous efforts in this direction in 1965 and again in 1974, with somewhat less insistence being applied along these lines in intervening years. The objection of this and other agencies, as well as the Interagency Advisory Committee on Security Equipment, to such a move was based on the following considerations:

That multiple-award contracts create maximum competition between the few major safe manufacturers whose products are sold primarily to the Government and afford flexibility to purchase the product of another manufacturer should the product of one manufacturer be found deficient or be found to have been compromised.

That should fire, flood, or other Acts of God affect the single-award contractor, it was unlikely that other sources would be available since those companies who did not get the

award would, in all probability, cease the manufacture of such safes, the Government being the chief buyer.

We also had certain other concerns regarding the desirability of a single-award contract which resulted simply from the fact that Art Metal was consistently suggested as the most likely recipient of such a contract. Specifically:

Agencies such as our own, DoD, and the Department of State have to provide safe maintenance and repair service on a worldwide basis, and, for that reason, it is imperative that spare parts and technical assistance be readily available. Art Metal never demonstrated that they had such a capability.

Personal safety of our employees and the security of classified information were of the utmost importance, and Art Metal safes, to varying degrees, failed to meet the required Federal specifications in these areas.

I would be pleased to answer any questions you may have.